



SINGLE ARMY LOGISTICS ENTERPRISE

Exchange Pricing

EP Information Briefing
HQ AMC G-3
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Agenda

- ❑ **Background**
- ❑ **Program Objectives**
- ❑ **EP Developmental Guidelines**
- ❑ **EP Item Defined**
- ❑ **Fundamentals**
- ❑ **Stand-Alone Tracking**
- ❑ **Phases / Schedule**
- ❑ **Training Strategy**



Background

- ❑ Exchange Pricing is a business process improvement mandated by the Office of the Secretary of Defense to mitigate the financial problems the Army has experienced with granting excess credit through its current supply practices
- ❑ FY 06 ASA (FM&C) directed AMC G-3 to get EP implemented in the Army as soon as feasible.
- ❑ AMC G-3 developed an interim solution with a fielding date of 1 April 2008.
- ❑ Interim solution was briefed to the ARRG on 22 September 2006 and approved by ASA (FM&C) and Army Deputy G-8.
- ❑ Due to competing programming requirements at the National level the implementation of the Interim Solution was moved to 1 May 09
- ❑ EP tracking Logic (Stand-alone Tracking) will be implemented as a prelude to the Interim Solution on 1 April 2008.

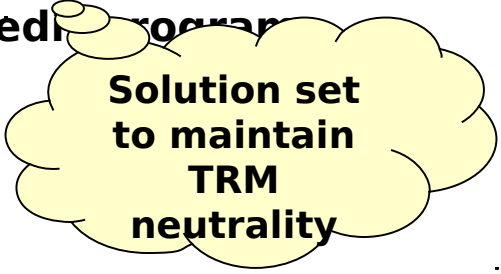


Program Objectives

- ❑ **Establish a dual pricing system. All items will have a Standard Price (SP). Additionally, Army Managed National Stock Numbered (NSN) items with a Maintenance Repair Code (MRC) of F, H, D, K, or L that are on an existing or planned National Maintenance Program will have an Exchange Price (EP).**
 - ▶ **Standard Price - Latest Acquisition Cost plus Cost Recovery Rate**
 - ▶ **Exchange Price - Latest Repair Cost plus Cost Recovery Rate**

- ❑ **De-link cost of reparable items from current Army credit program**
 - ▶ **Establish a customer buy one, return one relationship**
 - ▶ **Align business practice with net price of credit**

- ❑ **Eliminate unserviceable credit**
 - ▶ **Customer buys at the Exchange Price**
 - ▶ **Pays a penalty if reparable is not turned-in within parameter specified period of time (Delta Delay) from issue date. This penalty is called a Delta Bill.**



**Solution set
to maintain
TRM
neutrality**



EP Development Guidelines

- ❑ National level pricing and billing
- ❑ Initially fielding to SARSS supported units only (EP Customers)
- ❑ Ability to suspense transactions (Delta delay period)
- ❑ Provide customer management reports
- ❑ Ability to generate/trigger obligation adjustments (Delta Bill)
- ❑ Simultaneous Army-wide implementation to put entire EP Customer base on single pricing and credit baseline



EP Item Defined

EP will be applied to any Army Managed National Stock Number (NSN) with a Maintenance Repair Code (MRC) of:

- F** - Direct support/AVIM maintenance can remove, replace, and use the item.
- H** - General support maintenance can remove, replace, and use the item.
- D** - Depot can remove, replace, and use the item.
- K** - Contractor facility can remove, replace, and use item.
- L** - Specialized repair activity can remove, replace, and use the item.



Fundamentals

- ❑ **Today:** Units pay net cost for a reparable in two transactions... Standard Price (SP) and receive credit upon turn-in of a reparable carcass. If a turn-in is not made, the customer by default has paid the full SP for the item.
- ❑ **Tomorrow:** Units pay the same net cost, which is the Exchange Price (EP), in one transaction. A second financial transaction (Delta Bill) is only generated if the customer does not turn-in a reparable carcass within Delta Delay Days of the issue (60 days). This Delta Bill will obligate the difference between SP and EP and the customer will in effect be paying the SP.
- ❑ **Financial ramifications:** Catalog pricing will be adjusted to accommodate EP billing.
- ❑ **Expectations:** We believe units will follow procedures correctly and avoid an additional obligation because of a late turn-in.

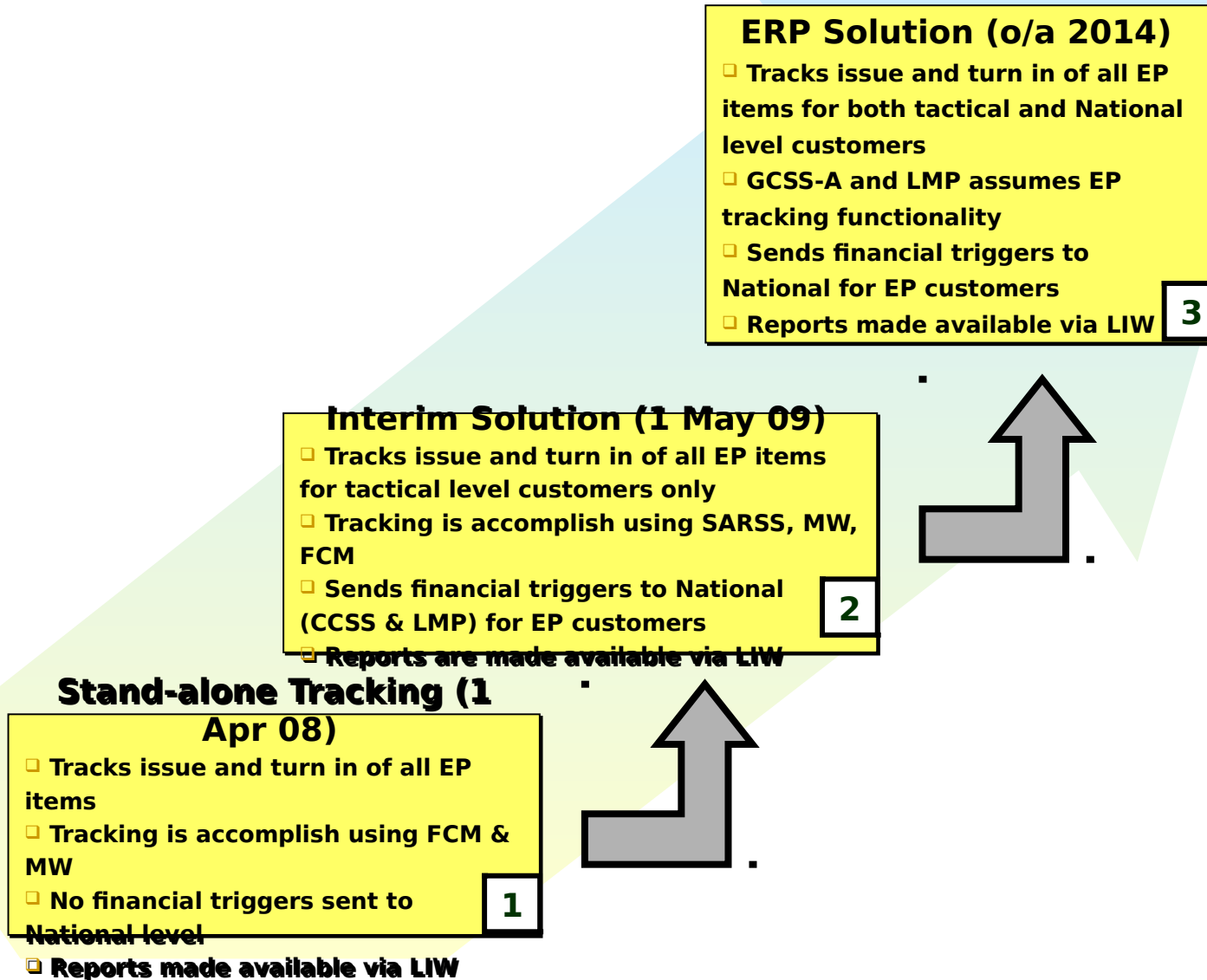


Stand-alone Tracking Attributes

- All issues and turn-ins of EP items for Army SARSS supported DODAACs (including units on contingency operations) are included in Stand-alone Tracking.
 - ▶ Tracks and reports the issues and turn-ins of EP stock numbers as identified in FEDLOG
 - ▶ No financial transactions generated
 - ▶ Customers continue to pay Standard Price and receive credit for unserviceable turn-ins
 - ▶ Builds report formats for customers in LIW

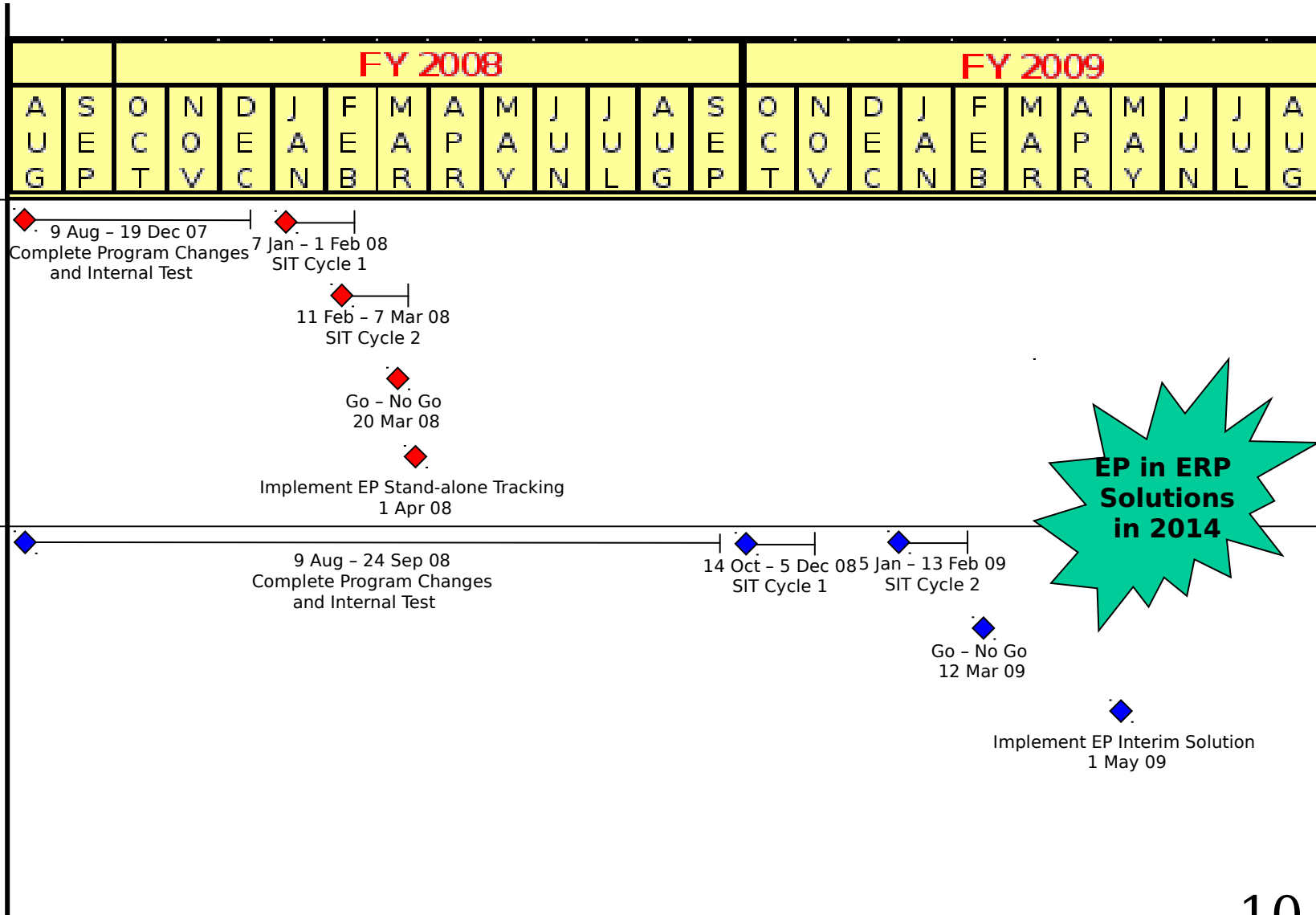


Three-Step Fielding Process





Schedule





Exchange Pricing Training Strategy

- **Purpose:** To prepare U.S. Army financial and logistical managers and users to operate in an Exchange Pricing environment

- **Training Approach:**
 - ▶ websites
 - ▶ Self-paced Web-Based Lessons
 - ▶ EP “Campaign” Road Show / Video Teleconferences
 - ▶ Army Logistics & Financial Schools
 - ▶ Magazines and articles

- **Training Media:**
 - ▶ SSF website (EP Smart Book, Implementation Plan, etc...), LOGNET, etc...
 - ▶ Web-based Lessons with accompanying slides and narratives in .pdf format
 - ▶ PowerPoint Presentations (directed at ACOMs/ASCCs/DRUs)
 - ▶ Appropriate Army POIs
 - ▶ Professional Army magazines and articles (Army logistician, PS Magazine, SALES Newsletter, etc...



EP Points of Contacts

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